



1886 01/04/07 \$7,500.00 ✓

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)

BANKERS LIFE AND CASUALTY)
COMPANY,)

Respondent.)

No. D06-379

**CONSENT ORDER
IMPOSING A FINE**

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority provided in RCW 48.01.020, RCW 48.02.080, and RCW 48.05.185, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT:

1. Bankers Life and Casualty Company ("Bankers") is authorized to conduct the business of insurance in Washington State and, therefore, is subject to Title 48 RCW and Chapter 284 WAC. Bankers is authorized to issue life, annuity, Medicare supplement, and long-term care insurance to Washington residents.
2. WAC 284-66-350 provides, in part and amongst other things, that it is an unfair act or practice, an unfair method of competition, and a prohibited practice, for any insurer, directly or indirectly, to provide bonuses to agents for the solicitation, sale, servicing, and/or renewal of a Medicare supplement policy.
3. On August 16, 2005, Bankers filed its new, standardized Medicare Supplement plans J, K and L with the Washington State Office of Insurance Commissioner ("OIC"). In the course of approving these filings, the OIC also reviewed a copy of Bankers' agent agreement, which showed that Bankers planned to give bonuses to its agents for the Medicare supplement policies, in violation of WAC 284-66-350. The OIC inquired as to whether Bankers had been giving bonuses to its agents under the company's already existing standardized Medicare supplement plans. Bankers confirmed that bonuses were given on a quarterly basis and that the bonuses were calculated according to sales of all of Bankers product lines, which included Medicare supplement.

Consent Order Imposing a Fine

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4. Bankers no longer includes the sales of Medicare supplement policies in the bonus calculations for agents.
5. Bankers was candid and cooperative with the OIC during the investigation and resolution of this matter.

CONCLUSIONS OF LAW:

1. Bankers violated WAC 284-66-350 by providing bonuses to agents, on a quarterly basis, for the sale of Medicare supplement policies.
2. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority.

CONSENT TO ORDER:

1. Bankers consents to entry of this Order, and acknowledges its duty to comply fully with all applicable laws and regulations of the State of Washington. Bankers knowingly and voluntarily waives further administrative or legal challenge to the actions taken, or to be taken, by the Insurance Commissioner, related to the subject matter of this Order. The Insurance Commissioner consents to resolve this matter in consideration of Bankers' payment of the fine set forth below.
2. Within thirty days of the entry of this Order, Bankers will pay to the Insurance Commissioner a fine in the amount of \$7,500 (seven thousand five hundred dollars).
3. Failure to pay the fine, in full, within thirty days of the entry of this Order constitutes grounds for suspension or revocation of the Certificate of Authority held by Bankers in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this 3RD day of January, 2007
~~December, 2006~~ *RJK*

BANKERS LIFE AND CASUALTY COMPANY,

By: *Ron Kotowski*
Ron Kotowski
Vice President of Product Approval
and Compliance

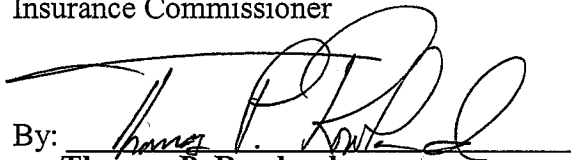
Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner orders as follows:

ORDER:

1. Bankers is ordered to pay, within thirty days of the entry of this Order, a fine in the amount of \$7,500 (seven thousand five hundred dollars).
2. Failure to pay the fine timely, and in full, will constitute grounds for suspension or revocation of the Certificate of Authority held by Bankers in Washington State. It will also result in a civil action being brought by the Attorney General on behalf of the Insurance Commissioner, to recover the fine.

Executed this 5th day of ~~December~~ ^{January 2007}, 2006. *PR*

MIKE KREIDLER
Insurance Commissioner

By: 
Thomas P. Rowland
Staff Attorney
Legal Affairs Division